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FACTS, TRENDS, PRODUCTS, IDEAS FOR ALL GROCERY RETAILERS

28 of 50 Top Chains Net 1% in '78

Fit Tra ing To Em ees' Own P es

SUPERMARKETING MEANS BUSINESS

A New Name... A New Look... Expanded Contents

The analysis, based on the publicly owned companies' annual reports, gives a strong indication that the top chains on the whole are moving out of the doldrums which have persisted throughout the industry for the past few years.

Consider profit margins, for example. In our previous study only 19 of the 50 chains that were analyzed posted margins higher than one percent. In 1978, 28 firms achieved that distinction.

Or, take total sales. In 1978, the 50 chains in SB's sample had total sales of $78.3 billion compared to $69.5 billion the previous year. The '78 total represents an increase of 12.7 percent. The previous year's increase, on the other hand, was a relatively modest 6.9 percent.

Even after taking inflation into account, last year's sales gain still works out to be a healthy two to three percent.

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UPGRADED WAREHOUSE CAPABILITY IS GOAL of wholesalers such as Fleming Foods, as they put major effort into keeping up with the varied needs of retailers.

Wholesalers Report:

Limited Store Profit Key Is Tight Product Control

by Elise J. Marton, associate editor

ST. LOUIS—Developing a carefully selected and tightly controlled product assortment, and keeping close control of this line, is the major challenge —and the key to success—for wholesalers designing support programs for limited assortment stores.

A growing number of wholesalers are developing or considering such programs in an effort to remain responsive to the needs of food retailers, who have been eyeing limited formats with increasing interest of late.

In some cases, wholesalers have encouraged retailers to enter the limited assortment arena by setting up full-blown franchise programs. Others have responded on a more limited basis, by accommodating specific retailer requests for box-store support.

But even those wholesalers who haven't yet entered the limited-assortment support field are watching it closely, and most contacted by SUPERMARKET BUSINESS said they anticipate taking the plunge some time in the future.

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ground.

"If you couldn' oup discussion and w , how much of your tra would you have left?" h nnel directors at the re Marketing Institute Huma rces Conference.

"Yet these me are often less than effective wi ur employees."

Why? Because many store-level people — and many managers who've come up from the stores — have learned from experience, rather than in a classroom.

"Most haven't been to college, for example," Delamontagne points out. These people often have a hard time relating lectures and manuals to reality, he says, and seldom retain what is taught by these methods.

"What we need in the retail sector are training approaches that fit the psychological profile of people in this business," Delamontagne asserts.

Interviews with several hundred su-

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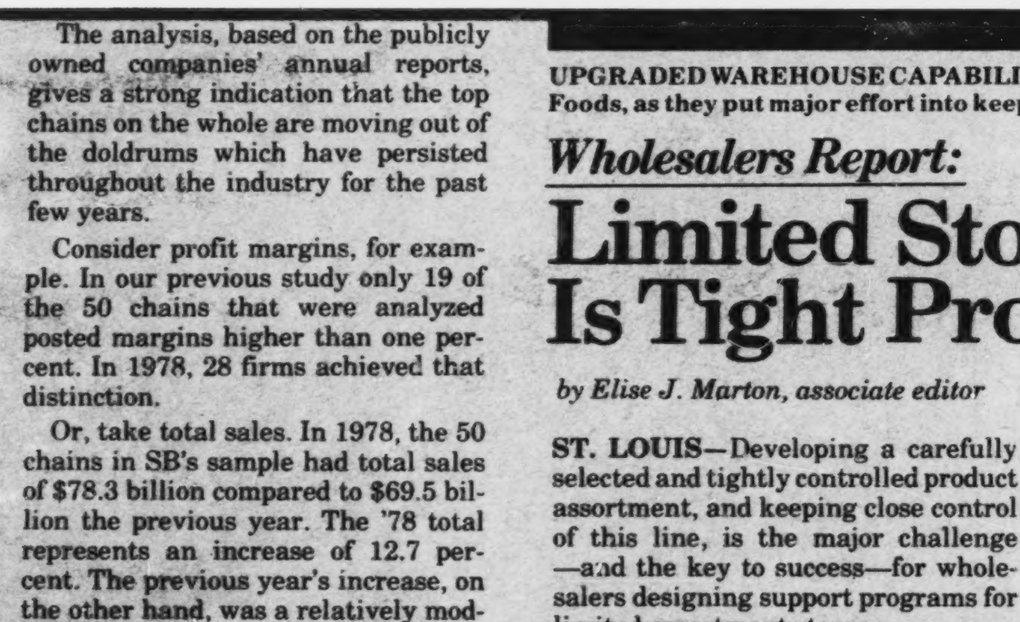

Food Politics: FMI Show Focus

by Anne L. Krueger, field editor

WASHINGTON, D.C.—Everybody's increasing interest in policy- and decision-making on consumer and food issues; the energy outlook; export levels; political actions and legislation; and consumer nutrition demands —all play a part in establishing food prices, safety and supply.

So say sources—legislators, media men, agricultural and consumer experts, and retailers—preparing talks on these and related subjects for the third annual Food Marketing Institute's Fall conference.

Slated here for Oct. 14-16, conference sessions will analyze food and consumer issues from several angles:

- Effect of consumer and nutrition demands;
- Outlook of energy priorities for food distribution;
- Impact of national and international events and legislation on food future;
- Exploration of Carter's past performance and the impact of the upcoming presidential political scene.

At least one speaker is questioning current economic policies which he claims discourage productivity and increase already high inflation.

Other sessions will discuss industry trends including the extensive use of general merchandise to build supermarket profits and changing super-

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Supermarket Business

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Pit Training To Employees' Own Profiles

Limited Store Profit Key Is Tight Product Control

FMI Conference Examines Food Issues, Politics

Supermarket Business

PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

An Expanded Package of Profit-Building Ideas Reaching You Now . . . and in All Future Issues!!

Dear Reader:

Are your job, your responsibilities or your stores the same as they were seven years ago? No . . . they're probably tougher and more complex.

That's why we have continued to widen our scope over the years. Now we've made even more improvements, upgraded our appearance and changed our name to SUPERMARKET BUSINESS (formerly SUPERMARKETING). The improvements reflect the information and magazine you need now . . . and in the 1980's.

Productivity. Scanning. Security control. Energy conservation. People management. All have become "buzz words" in our business. Executives talk about them—workshops zero in on them. We'll "talk your language" and write about them.

Since 1972, when SUPERMARKETING joined the Gralla Publications family, we made a commitment to give you constant editorial coverage of the areas you're most interested in. We intend to continue that commitment and even expand upon it. Through outstanding consultants. Through features based on our own detailed research projects. Through exclusive material made available by our thirteen sister publications. Through a tabloid format that makes this information convenient and exciting to read.

Our parent company has always had a very strong "total business" orientation. So, it's not surprising that you have read about important and profitable facts, trends, ideas and products exclusively in our magazine. But now we think it's time for the name of our magazine to truly reflect our editorial position.

Beginning this month, meet SUPERMARKET BUSINESS!! To serve your varied needs, we have our largest editorial staff to date. Plus an array of well-known consultants with the experience and expertise that give you money-saving and money-making answers to today's questions . . . and tomorrow's!

SUPERMARKET BUSINESS will cover every aspect of your business—we'll talk your language—every month . . . from a profit-making viewpoint. Watch for our columnists, even more research, some very dramatic innovations in our annual Consumer Expenditures Studies . . . and lots more.

SUPERMARKET BUSINESS. We're dedicated to the future of your business.

Howard S. Rauch
HOWARD S. RAUCH
Publisher/Editorial Director

Bruce Buckley
BRUCE BUCKLEY
Editor

Tino DeCarlo
TINO DECARLO
Advertising Sales Manager

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PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

. . . and you'll find more inside!

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- Forrester: Energy management systems— a ripoff? —page 40
- Diet food sales up as much as 50% —page 22

OCTOBER 1979

28 of 50 Top Chains Net 1% in '78

by Bruce Buckley, editor

NEW YORK CITY—Growing efforts to boost productivity in the supermarket industry appear to be yielding some solid gains—at least among the top food store companies.

Total sales are up, for one thing, and so are profit margins. An analysis by SUPERMARKET BUSINESS of 50 leading chains shows average gross sales jumped 12.7 percent in 1978, while average profit margins rose to one percent.

The analysis, based on the publicly owned companies' annual reports, gives a strong indication that the top chains on the whole are moving out of the doldrums which have persisted throughout the industry for the past few years.

Consider profit margins, for example. In our previous study only 19 of the 50 chains that were analyzed posted margins higher than one percent. In 1978, 28 firms achieved that distinction.

Or, take total sales. In 1978, the 50 chains in SB's sample had total sales of $78.3 billion compared to $69.5 billion the previous year. The '78 total represents an increase of 12.7 percent. The previous year's increase, on the other hand, was a relatively modest 6.9 percent.

Even after taking inflation into account, last year's sales gain still works out to be a healthy two to three percent.

While the top companies were enjoying a real growth spurt, the industry as a whole showed little or no

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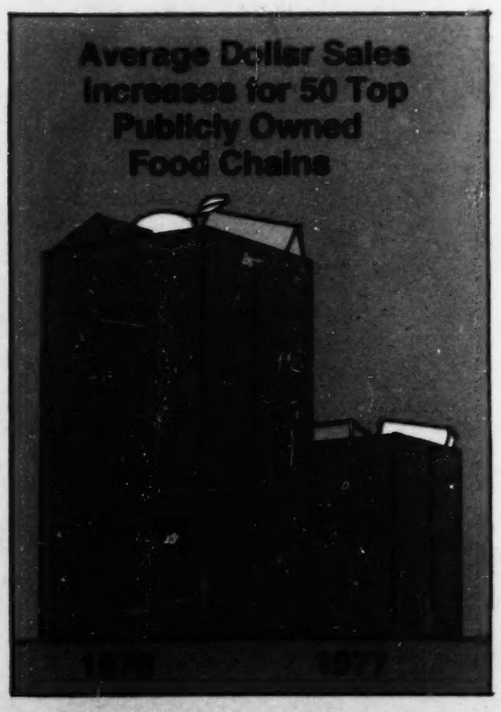

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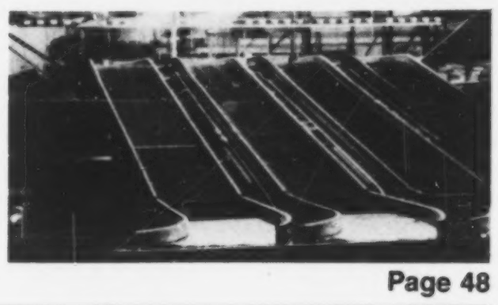

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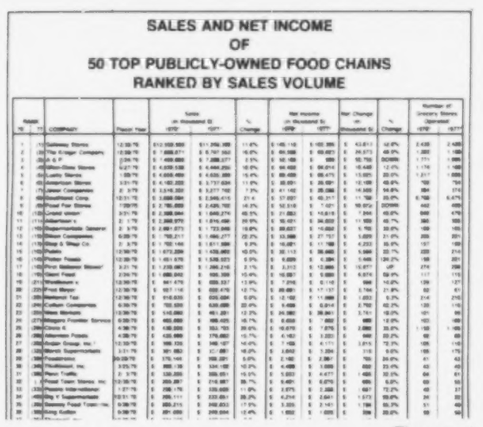

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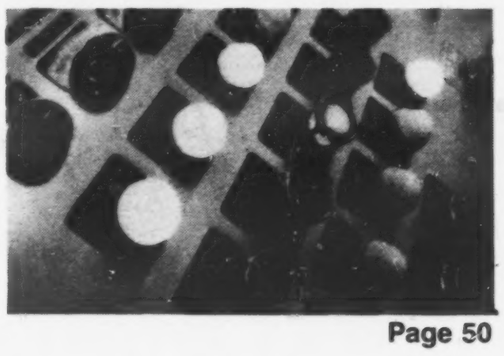

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The Publisher's View

Supermarkets Still Little Fish In Big Housewares Market Pond

by Howard Rauch

You've all heard "good news and bad news" routines, and this column is starting out that way ... but with a twist.

First, the bad news: When it comes to the housewares market supermarkets are still a little fish in a big pond.

Now the good news: When it comes to the housewares market, supermarkets are still a little fish in a big pond.

How can one situation reflect both good and bad tidings? It's good because there's plenty of expansion opportunity for supermarkets in housewares and other general merchandise.

It's bad because this expansion will probably come at some other retailer's expense...as opposed to strong market growth. This means that tooth-and-nail competition will intensify. And for supermarketers — who originally went the general merchandise route because of its profit potential — strong efforts to defuse such profits is definitely bad news.

I started thinking about this after reviewing studies recently released by two other magazines owned by Gralla Publications, SUPERMARKET BUSINESS' parent company.

The first has to do with the state of the housewares market, with prime emphasis on electrics. As you all know, we have started to make a more ambitious bid for small appliance sales in the past two or three years. So this research gives food retailers some idea of what they're up against.

The second report has to do with the state of the catalog showroom market. Remember catalog showrooms? Many grocery chains charged into this business a few years ago, but most have eased out since then. Meanwhile, showrooms have become a much stronger housewares force.

First, I'll give you some highlights from the housewares study just published by MERCHANDISING, a magazine Gralla acquired this year.

In kitchen electrics, supermarkets have three percent of retail volume in 1979, compared to two percent in 1978. Departments stores and discount stores have lost some market share to us and to drug stores. I cite drug stores because it is becoming apparent that we will be much more head-to-head with them in the future on food as well as general merchandise.

Incidentally, drug stores have five percent of kitchen electrics retail sales, compared to four percent last year.

Another interesting figure: supermarkets have eight percent of the microwave cookware/accessories volume. But we did dip down from 10 percent in 1978.

Let's shift to the personal category — curling irons, hair dryers, massagers, oral hygiene devices, shavers, styling combs, etc. According to the study, supermarkets aren't even on the map. In this retail pond, we are truly little fish.

On the other hand, I have heard that some personal care product suppliers have been toying with special supermarket programs. So stick around; this picture may change in the future.

Now let me shift for just a few seconds to catalog showrooms. If supermarkets are thinking electric housewares, they must contend with showrooms, which make a very strong consumer appeal on the basis of price.

According to the annual "Market Audit" prepared by CATALOG SHOWROOM BUSINESS, another Gralla publication, overall showroom volume will jump 21.9 percent in 1979, compared to 22.9 percent in 1978. All showrooms will do $7 billion this year, compared to $5.7 billion in 1978 and $1.03 billion in 1970.

By the end of 1979, there will 1,828 catalog shorooms across the country. The four largest catalogers — already operating 401 showrooms — will have opened 69 new units by year-end.

Housewares volume increased 6.8 percent in 1978 for survey respondents, with personal care volume up another 5.3 percent. Now, listen to this figure. Health and beauty aids volume increased 10.5 percent! Just more evidence that there's competition in every corner.

Space doesn't allow me to review fully the above two studies. But if you are interested in receiving copies of the MERCHANDISING and CATALOG SHOWROOM BUSINESS reports, drop me a note.

I think you'll find the data to be very useful. ●

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THE 10 BIGGEST GAINERS IN EARNINGS

(Greatest dollar increases)
(000)

Chain[1]	Earnings 1978*	Earnings 1977*	Net Increase In Earnings
Safeway Stores	$146,118	$102,305	$43,813
The Kroger Company	84,596	60,023	24,573
Jewel Companies	41,142	26,586	14,556
Lucky Stores	80,400	66,475	13,925
American Stores	38,091	25,991	12,100
Southland Corp.	57,097	45,317	11,780
Albertson's	36,421	24,832	11,589
Winn-Dixie Stores	94,462	84,014	10,448
Grand Union	21,863	14,619	7,244
Giant Food	16,957	9,983	6,974

*Latest year reported by Aug. 1 of following year.
[1]Includes only those companies who reported no losses in either year.

THE 10 BIGGEST GAINERS IN SALES

(Greatest dollar increases)

Chain	Sales (000) 1978*	Sales (000) 1977*	Increase In Sales (000)
Safeway Stores	$12,550,569	$11,249,398	$1,301,171
The Kroger Company	7,828,071	6,747,553	1,080,518
Grand Union	2,398,944	1,649,274	749,670
Lucky Stores	4,658,409	4,035,369	623,040
Southland Corp.	3,090,094	2,545,415	544,679
Winn-Dixie Stores	4,930,538	4,444,255	486,283
Albertson's	2,268,970	1,816,495	452,475
American Stores	4,183,222	3,737,634	445,558
Food Fair Stores	2,785,899	2,436,702	349,197
Supermarkets General	2,061,873	1,723,946	337,927

*Latest fiscal year reported by Aug. 1 of following year.

50 Top Chains Show Definite Growth Surge

■*Continued from page 1*

growth. A comparison of the leading chains' figures with the numbers reported in last month's Consumer Expenditures Study gives clear evidence that the top chains outperformed not only all other grocery story companies but the entire industry as well.

The CES reported, for example, that 1978's total grocery store sales in 1978 amounted to $162.6 billion, an increase of 9.8 percent over 1977's sales. Because of inflation, however, real growth was negligible. On the other hand, as noted above, the 12.7 percent sales increase for the 50 chains in SB's study represents a definite growth surge.

Chains Show Resurgence

Further evidence that the leading chains had a resurgence last year can be found in the following:

■ Forty five of the 50 chains (90 percent) reported growth in both gross sales and net income.

Forty-five of the 50 chains reported growth in both gross sales and net income.

■ Thirty eight companies (76 percent) showed an increase in their margin of profit.

■ Twenty nine firms (58 percent) reported that they were operating more stores in 1978 than in 1977.

The top chains' increase in profit margin from .95 percent to one percent is small but significant, considering that the profit figures were pulled down by some fairly heavy losses, including A&P ($52.2 million) and Food Fair Stores ($52.5 million).

Leading the pack in profit margins again was Weis Markets. The company's net income as a percentage of sales in 1978 was 4.75 percent, up from 4.52 percent in 1977. Other top profit-makers include Food Town Stores, Inc., with a margin of 3.17 percent; Circle K ($2.43 percent); Fred Meyer (2.25 percent); and Publix (1.92 percent).

■*Continued on page 27*

SALES AND NET INCOME
OF
50 TOP PUBLICLY-OWNED FOOD CHAINS
RANKED BY SALES VOLUME

RANK '78	RANK '77	COMPANY	Fiscal Year	Sales (in thousand $) 1978*	Sales (in thousand $) 1977*	% Change	Net Income (in thousand $) 1978*	Net Income (in thousand $) 1977*	Net Change (in thousand $)	% Change	Number of Grocery Stores Operated 1978*	Number of Grocery Stores Operated 1977*
1	(1)	Safeway Stores	12/30/78	$12,550,569	$11,249,398	11.6%	$ 146,118	$ 102,305	$ 43,813	42.8%	2,436	2,428
2	(3)	The Kroger Company	12/30/78	$ 7,828,071	$ 6,747,553	16.0%	$ 84,596	$ 60,023	$ 24,573	40.9%	1,202	1,188
3	(2)	A & P	2/24/79	$ 7,469,659	$ 7,288,577	2.5%	$ −52,186	$ 569	$ −52,755	DOWN	1,771	1,905
4	(4)	Winn-Dixie Stores	6/27/79	$ 4,930,538	$ 4,444,255	10.9%	$ 94,462	$ 84,014	$ 10,448	12.4%	1,174	1,168
5	(5)	Lucky Stores	1/28/79	$ 4,658,409	$ 4,035,369	15.4%	$ 80,400	$ 66,475	$ 13,925	20.9%	1,317	1,026
6	(6)	American Stores	3/31/79	$ 4,183,222	$ 3,737,634	11.9%	$ 38,091	$ 25,991	$ 12,100	46.6%	760	754
7	(7)	Jewel Companies	2/ 3/79	$ 3,516,352	$ 3,277,742	7.3%	$ 41,142	$ 26,586	$ 14,556	54.8%	364	374
8	(8)	Southland Corp.	12/31/78	$ 3,090,094	$ 2,545,415	21.4	$ 57,097	$ 45,317	$ 11,780	26.0%	6,708	6,475
9	(9)	Food Fair Stores	7/29/78	$ 2,785,899	$ 2,436,702	14.3%	$ −52,518	$ 7,421	$ −59,939	DOWN	442	490
10	(12)	Grand Union[1]	3/31/79	$ 2,398,944	$ 1,649,274	45.5%	$ 21,863	$ 14,619	$ 7,244	49.6%	840	479
11	(11)	Albertson's	2/ 1/79	$ 2,268,970	$ 1,816,495	24.9%	$ 36,421	$ 24,832	$ 11,589	46.7%	365	305
12	(10)	Supermarkets General	2/ 3/79	$ 2,061,873	$ 1,723,946	19.6%	$ 20,637	$ 14,852	$ 5,785	39.0%	109	105
13	(15)	Dillon Companies	6/30/79	$ 1,792,217	$ 1,465,277	22.3%	$ 33,586	$ 27,757	$ 5,829	21.0%	205	201
14	(13)	Stop & Shop Co.	2/ 3/79	$ 1,762,144	$ 1,611,569	9.3%	$ 16,021	$ 11,788	$ 4,233	35.9%	157	159
15	(16)	Publix	12/30/78	$ 1,672,229	$ 1,436,002	16.5%	$ 32,113	$ 26,605	$ 5,508	20.7%	220	214
16	(14)	Fisher Foods	12/30/78	$ 1,451,676	$ 1,536,523	−5.5%	$ 9,829	$ 4,384	$ 5,445	124.2%	158	201
17	(18)	First National Stores[2]	3/31/79	$ 1,239,083	$ 1,265,216	−2.1%	$ 3,312	$ −12,665	$ 15,977	UP	274	290
18	(19)	Giant Food	2/24/79	$ 1,080,842	$ 936,359	15.4%	$ 16,957	$ 9,983	$ 6,974	69.9%	117	115
19	(21)	Waldbaum's	12/30/78	$ 941,479	$ 826,337	13.9%	$ 7,016	$ 6,110	$ 906	14.8%	129	127
20	(22)	Fred Meyer	12/30/78	$ 927,110	$ 822,478	12.7%	$ 20,881	$ 17,137	$ 3,744	21.8%	62	61
21	(20)	National Tea	12/30/78	$ 918,635	$ 835,604	9.9%	$ 12,102	$ 11,069	$ 1,033	9.3%	214	216
22	(24)	Cullum Companies	6/30/79	$ 782,520	$ 639,080	22.4%	$ 9,406	$ 6,614	$ 2,792	42.2%	120	116
23	(25)	Weis Markets	12/30/78	$ 518,003	$ 461,281	12.3%	$ 24,582	$ 20,841	$ 3,741	18.0%	101	99
24	(27)	Niagara Frontier Service	6/30/79	$ 465,000	$ 398,425	16.7%	$ 8,650	$ 7,662	$ 988	12.9%	103	100
25	(29)	Circle K	4/30/79	$ 438,559	$ 363,783	20.6%	$ 10,678	$ 7,876	$ 2,802	35.6%	1,158	1,105
26	(28)	Alterman Foods	4/28/79	$ 435,999	$ 376,862	15.7%	$ 4,163	$ 3,223	$ 940	29.2%	92	89
27	(26)	Arden Group, Inc.[3]	12/30/78	$ 398,335	$ 348,187	14.4%	$ 7,186	$ 4,171	$ 3,015	72.3%	105	110
28	(32)	Marsh Supermarkets	3/31/79	$ 391,963	$ 337,887	16.0%	$ 3,642	$ 3,324	$ 318	9.6%	195	175
29	(30)	Foodarama	10/28/78	$ 376,144	$ 356,201	5.6%	$ 2,162	$ 2,867	$ −705	−24.6%	41	43
30	(34)	Thriftimart, Inc.	3/25/79	$ 368,136	$ 334,192	10.2%	$ 4,488	$ 3,636	$ 852	23.4%	43	43
31	(38)	Penn Traffic	2/ 3/79	$ 330,225	$ 285,951	15.5%	$ 5,933	$ 4,477	$ 1,456	32.5%	64	61
32	(..)	Food Town Stores, Inc.	12/30/78	$ 299,267	$ 218,987	36.7%	$ 9,481	$ 8,876	$ 605	6.8%	69	55
33	(33)	Pueblo International	1/27/79	$ 296,170	$ 335,680	−11.8%	$ 3,975	$ 2,308	$ 1,667	72.2%	40	37
34	(40)	Big V Supermarkets	12/31/78	$ 295,111	$ 233,851	26.2%	$ 4,214	$ 2,641	$ 1,573	59.6%	24	22
35	(39)	Seaway Food Town, Inc.	9/30/78	$ 285,215	$ 242,833	17.5%	$ 3,325	$ 2,141	$ 1,184	55.3%	51	49
36	(36)	King Kullen	9/30/78	$ 281,039	$ 249,944	12.4%	$ 1,952	$ 1,626	$ 326	20.0%	50	50
37	(35)	Shopwell, Inc.	12/30/78	$ 271,568	$ 277,657	−2.2%	$ 745	$ 520	$ 225	43.3%	75	73
38	(41)	A. J. Bayless	12/30/78	$ 260,088	$ 219,824	18.3%	$ 2,583	$ 2,266	$ 317	14.0%	58	59
39	(31)	Munford, Inc.	12/28/78	$ 260,032	$ 233,578	11.3%	$ −1,187	$ −1,050	$ −137	DOWN	1,211	1,351
40	(43)	Victory Markets	12/30/78	$ 228,584	$ 213,686	7.0%	$ 1,120	$ 165	$ 955	578.8%	84	91
41	(44)	Star Supermarkets	12/30/78	$ 228,282	$ 210,294	8.6%	$ 2,154	$ 1,091	$ 1,063	97.4%	40	40
42	(46)	Schultz Sav-O Stores	12/30/78	$ 219,373	$ 188,990	16.1%	$ 1,264	$ 778	$ 486	65.5%	35	35
43	(47)	Mott's Supermarkets	12/30/78	$ 211,233	$ 169,300	24.8%	$ 2,787	$ 1,560	$ 1,227	78.7%	23	22
44	(48)	Village Supermarkets	7/29/78	$ 206,319	$ 168,627	22.4%	$ 1,141	$ 763	$ 378	49.5%	22	19
45	(45)	Thorofare	7/29/78	$ 200,908	$ 195,080	3.0%	$ 823	$ −1,264	$ 2,087	UP	59	65
46	(37)	Shop Rite Foods	12/30/78	$ 180,703	$ 249,679	−27.6%	$ −9,105	$ −5,018	$ −4,087	DOWN	64	172
47	(..)	The Red Food Stores, Inc.	6/ 3/78	$ 173,695	$ 138,210	25.7%	$ 2,261	$ 1,247	$ 1,014	81.3%	32	32
48	(49)	Applebaum's	4/28/79	$ 139,610	$ 127,991	9.1%	$ 2,042	$ 1,774	$ 268	15.1%	27	27
49	(..)	Laneco, Inc.	9/30/78	$ 116,872	$ 109,468	6.8%	$ 1,692	$ 1,374	$ 318	23.1%	18	18
50	(50)	Sunshine Jr. Stores	12/31/78	$ 93,553	$ 81,225	15.2%	$ 1,622	$ 1,432	$ 190	13.3%	323	295
TOTAL				$ 78,280,521	$ 69,454,478	12.7%	$ 781,719	$ 663,093	$ 118,626	17.9%	23,351	22,734

*Latest fiscal year reported by Aug. 1 of following year.

(..) Not shown on 1978 listing.

[1]Acquired Colonial Stores in Aug. of 1978.

[2]As reported directly to SUPERMARKET BUSINESS by First National Stores, Inc.

[3]For Market Operations only.

THE 10 FASTEST GAINERS IN EARNINGS

(Greatest percentage increases)

Chain[1]	Percent Gain in Earnings	Earnings Rank 1978*	Earnings Rank 1977*	Sales Rank 1978*
Victory Markets	578.8%	44	46	40
Fisher Foods	124.2	19	24	16
Star Supermarkets	97.4	37	40	41
The Red Food Stores, Inc.	81.3	35	(**)	47
Mott's Supermarkets	78.7	33	37	43
Arden Group, Inc.	72.3	23	47	27
Pueblo International	72.2	29	32	33
Giant Food	69.9	15	17	18
Schultz Sav-O Stores	62.5	42	42	42
Big V Supermarkets	59.6	27	31	34

*Latest fiscal year reported by Aug. 1 of following year.
[1]Includes only those companies with no reported losses in either year.
(**) Not listed in 1977.

THE 10 BEST 1978* PROFIT MARGINS[1]

Chain	Net Income After Taxes as Percent of Sales 1978*	1977*
Weis Markets	4.75%	4.52%
Food Town Stores, Inc.	3.17	4.05
Circle K	2.43	2.17
Fred Meyer	2.25	2.08
Publix	1.92	1.85
Winn-Dixie Stores	1.92	1.89
Dillon Companies	1.87	1.89
Niagara Frontier Service	1.86	1.92
Southland Corp.	1.85	1.78
Arden Group, Inc.	1.80	1.20

[1]Profit margins are based on operating earnings excluding special credit or charges.
*Latest fiscal year reported by Aug. 1 of following year.

Safeway's Tops in Both Sales and Net Income

■ *Continued from page 25*

In 1978, only five of the 50 companies in this year's study had declines in 1978 dollar earnings, whereas among the 50 firms reported on last year, 19 showed less earnings in 1977 than in '76, another indication of the upsurge in fortunes among the top chains.

The five chains reporting earnings declines were Food Fair Stores, A&P, Shop Rite Foods, Foodarama and Munford, Inc. Of the five, all but Foodarama reported losses. Foodarama's 1978 income of $2.2 million on sales of $376 million was down from the previous year's earnings of $2.9 million on sales of $356 million.

The biggest gainer in 1978 in both sales and net income was Safeway Stores. The international grocery store giant reported sales of $12.55 billion, up 11.6 percent over 1977's total. Net income came to $146.1 million, an increase of 42.8 percent over 1977's net of $102.3 million.

Following Safeway as the biggest gainers in the total sales race were The Kroger Company (+ $1.08 billion); Grand Union (+ $749.7 million); Lucky Stores ($+ $623 million); and Southland Corp. (+ $544.7 million).

In earnings the biggest gainers after Safeway (+ $43.8 million) were Kroger (+ $24.6 million); Jewel Companies (+ $14.6 million); Lucky Stores (+ $13.9 million) and American Stores (+ $12.1 million).

The fastest gainers in sales for fiscal 1978 was led by Grand Union of 45.5 percent over 1977. Grand union was followed by Food Town Stores, Inc., with a sales gain of 36.7 percent, Big V Supermarkets (+ $26.2 percent), The Red Food Stores, Inc. (+ $25.7 percent) and Albertson's (+ $24.9 percent).

In terms of earnings, the fastest gainers were Victory Markets with phenomenal increase of 578.8 percent, Fisher Foods with 124.2 percent, Star Supermarkets (+ $97.4 percent), The Red Food Stores, Inc. (+ $81.3 percent) and Mott's Supermarkets (+ $78.7 percent).

Food Town Stores was the leading company in terms of returns on fiscal '78 net worth. That firm's net income as a percentage of year-end net worth was 28.07, compared to 1977's 35.89 percent. Albertson's posted a percentage of 24.46 and was followed by Lucky Stores (24.05 percent), Big V Supermarkets (24.03 percent) and The Red Food Stores, Inc. (23.19 percent).

■*Continued on following page*

THE 10 BEST RETURNS ON 1978* NET WORTH

Chain	Net Income After Taxes as Percent of Year-end Net Worth 1978*	1977*
Food Town Stores	28.07%	35.89%
Albertson's	24.46	20.89
Lucky Stores	24.05	23.41
Big V Supermarkets	24.03	19.33
The Red Food Stores, Inc.	23.19	15.80
Arden Group, Inc.	23.14	24.82
Dillon Companies	22.01	20.84
Circle K	21.01	17.63
Winn-Dixie Stores	20.09	19.41
Cullum Companies	19.82	16.59

*Latest fiscal year reported by Aug. 1 of following year.

THE 10 FASTEST GAINERS IN SALES

(Greatest percentage increases)

Chain	Percent Gain In Sales	Sales Rank 1978*	1977*
Grand Union	45.5%	10	12
Food Town Stores, Inc.	36.7	32	(**)
Big V Supermarkets	26.2	34	40
The Red Food Stores, Inc.	25.7	47	(**)
Albertson's	24.9	11	11
Cullum Companies	22.4	22	24
Village Supermarkets	22.4	44	48
Dillon Companies	22.3	13	15
Southland Corp.	21.4	8	8
Circle K	20.6	25	29

*Latest fiscal year reported by Aug. 1 of following year.
(**) Not listed in 1977.

50 Chains Run More Than 22,000 Stores

■ *Continued from page 27*

In 1978 the total number of retail grocery outlets operated by the 50 chains in SB's study climbed to 23,351 from 22,734 in 1977. Most of the chains reported modest increases or decreases in the number of stores operated. But A&P's fiscal '78 report showed a decline of 134 stores, part of the struggling chain's ongoing efforts to cut the number of unprofitable outlets it operates.

Shop Rite Foods, Inc., another chain that had heavy 1978 losses ($9.1 million), also reported fewer stores in operation at the end of 1978—64 as compared to 172 in 1977. The reduction was also aimed at eliminating unprofitable outlets.

Lucky Stores, on the other hand, was in an expansionist mood in 1978. The chain wound up the year with 1,317 retail food stores, compared to 1,026 at the end of 1977. The new stores resulted in 2.6 million square feet of additional space. Lucky's 1978 report noted that the chain plans to open about 170 stores and close 25 in 1979.

As a result of its merger with Colonial Stores, Grand Union also reported a large increase in the number of stores operated at the close of fiscal 1978—840 outlets compared to 479 in 1977.

The Southland Corp. continued its expansion in 1978. It reported that the number outlets operated jumped from 6,475 in fiscal '77 to 5,708 in '78. ■

THE 5 DECLINES IN EARNINGS

Chain	Earnings or Losses (000) 1978*	1977*	Net Decline in Earnings (000)
Food Fair Stores	$-52,518	$ 7,421	$-59,939
A & P	-52,186	569	-52,755
Shop Rite Foods	- 9,105	-5,018	- 4,087
Foodarama	2,162	,867	- 705
Munford, Inc.	- 1,187	-1,050	- 137

*Latest fiscal year reported by Aug. 1 of following year.